Amendments to the Specification:

Please insert the following paragraph at page 10, in between lines 2 and 3, immediately before the first full paragraph on page 10:

In computing a motion vector for the mage block and the particular reference picture, function block 622 may involve, for example, testing within a search region for every displacement within a pre-determined range of offsets relative to the image block, calculating the sum of the absolute difference and/or the mean squared error of each pixel in the image block with a motion estimated reference picture, and selecting the offset with the lowest sum of the absolute difference and mean squared error as the motion vector.